

this title, the annuity shall be the amount equal to 55 percent of the retired pay of the person providing the annuity (as that pay is determined under subsection (c)).

“(3) SOCIAL SECURITY OFFSET.—An annuity computed under this subsection shall be reduced by the lesser of the following:

“(A) SOCIAL SECURITY COMPUTATION.—The amount of the survivor benefit, if any, to which the surviving spouse (or the former spouse, in the case of a former spouse beneficiary who became a former spouse under a divorce that became final after November 29, 1989) would be entitled under title II of the Social Security Act (42 U.S.C. 401 et seq.) based solely upon service by the person concerned as described in section 210(1)(1) of such Act (42 U.S.C. 410(1)(1)) and calculated assuming that the person concerned lives to age 65.

“(B) MAXIMUM AMOUNT OF REDUCTION.—40 percent of the amount of the monthly annuity as determined under paragraph (2).

“(4) SPECIAL RULES FOR SOCIAL SECURITY OFFSET COMPUTATION.—

“(A) TREATMENT OF DEDUCTIONS MADE ON ACCOUNT OF WORK.—For the purpose of paragraph (3), a surviving spouse (or a former spouse, in the case of a person who becomes a former spouse under a divorce that becomes final after November 29, 1989) shall not be considered as entitled to a benefit under title II of the Social Security Act (42 U.S.C. 401 et seq.) to the extent that such benefit has been offset by deductions under section 203 of such Act (42 U.S.C. 403) on account of work.

“(B) TREATMENT OF CERTAIN PERIODS FOR WHICH SOCIAL SECURITY REFUNDS ARE MADE.—In the computation of any reduction made under paragraph (3), there shall be excluded any period of service described in section 210(1)(1) of the Social Security Act (42 U.S.C. 410(1)(1))—

“(i) which was performed after December 1, 1980; and

“(ii) which involved periods of service of less than 30 continuous days for which the person concerned is entitled to receive a refund under section 6413(c) of the Internal Revenue Code of 1986 of the social security tax which the person had paid.

“(5) DETERMINATION OF PERCENTAGES APPLICABLE TO COMPUTATION OF RESERVE-COMPONENT ANNUITIES.—

Regulations. The percentage to be applied in determining the amount of an annuity computed

subsection (a)(2), (b)(2), or (e)(2)(B) shall be determined under  
regulations prescribed by the Secretary of Defense. Such  
shall be prescribed taking into consideration the following:  
"(1) The age of the person electing to provide  
the annuity  
at the time of such election.  
"(2) The difference in age between such  
person and the  
beneficiary of the annuity.  
"(3) Whether such person provided for the  
annuity to  
become effective (in the event he died before  
becoming 60  
years of age) on the day after his death or on the  
60th anniver-  
sary of his birth.  
"(4) Appropriate group annuity tables.  
"(5) Such other factors as the Secretary considers relevant.